





DECLASSIFIED  
 PA/HO Department of State  
 E.O. 12958, as amended  
 June 21, 2006

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Authority NN 969046By NC NARA Date 5/7/02

Department of State **TELEGRAM**

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HIS MAJESTY'S GOVERNMENT AND THE OIL CONSORTIUM (STATE 120017). THE SHAH ACKNOWLEDGED THE VALUE WHICH HE ATTACHED TO THE RECEIPT OF THIS COMMUNICATION AND THE THOUGHTFULNESS WHICH PROMPTED IT. HE SAID, HOWEVER, THAT AS OF AN HOUR BEFORE OUR ARRIVAL HE HAD RECEIVED CERTAIN DISCOURAGING AND DISTRESSING INFORMATION FROM MINISTER AMUZEGAR AND HE SAID THAT HE WOULD LIKE FOR US TO HEAR DIRECTLY FROM AMUZEGAR WHAT HAD BEEN TOLD TO HIM HERETOFORE. THE FOREIGN MINISTER AND FINANCE MINISTER JOINED THE GROUP AND THE CONVERSATION CONTINUED, CONCLUDING WITH LUNCHEON. MINISTER AMUZEGAR STATED THAT HE HAD TALKED TO PRINCE SAUD THAT MORNING AND HAD BEEN INFORMED THAT ARAMCO HAD OFFERED YAMANI AND THE OPEC GULF GROUP SETTLEMENTS ON A NUMBER OF POINTS INVOLVED IN PARTICIPATION WHICH WERE CONSIDERABLY MORE GENEROUS THAN THOSE ON THE SAME POINTS IN THE FORTHCOMING GOI/CONSORTIUM AGREEMENT. BEFORE THE MINISTER COULD BEGIN A DESCRIPTION OF THESE DIFFERENCES, THE SHAH INTERRUPTED TO SAY THAT HE DID NOT BELIEVE THE COMPANIES WOULD DO THIS. HOWEVER, HE CONTINUED, THIS IS A CAUSE FOR CONCERN BECAUSE, ALTHOUGH IRAN'S INTERESTS ARE PROTECTED BY MOST FAVORED NATION ARRANGMENTS WITH THE CONSORTIUM, SHOULD ARAMCO YIELD TO THE ARABS' INTRANSIGENCE THIS COULD MAKE THEIR TACTICS SEEM MORE EFFECTIVE THAN THE MODERATION AND REASONED NEGOTIATION WHOSE APPARENT SUCCESS AT ST. MORITZ HAD ENHANCE THE EFFECTIVENESS OF THE SHAH'S LEADERSHIP OF THE PRODUCING NATIONS AS PRESIDENT NIXON HAD ACKNOWLEDGED. UNDERMINING THE SHAH AS A SYMBOL OF THE SUCCESSFULNESS OF REASON AND COOPERATION BETWEEN PRODUCING NATIONS AND COMPANIES WOULD ENCOURAGE THE IRRESPONSIBLE RADICALS IN OPEC. THE SECRETARY AND I BOTH TOLD HIM THAT WE HAD NO INDICATION THAT ARAMCO HAD DONE ANYTHING OF THE SORT. THE SHAH THEN DIRECTED THE MINISTER OF FINANCE IMMEDIATELY TO MAKE EVERY EFFORT TO CONFIRM OR DENY SAUDI'S REPORT. (TRIMBLE, CONSORTIUM ACTING CHAIRMAN AND GENERAL MANAGING DIRECTOR, HAS SINCE TOLD US THAT AMUZEGAR HAS ASKED HIM TWICE ABOUT THIS AND THAT HE HAD USED INFORMATION SUPPLIED BY ARAMCO TO REASSURE AMUZEGAR THAT THE EVENTUAL SETTLEMENT WILL NOT EMBARRASS IRAN.

6. AS THE LUNCHEON WAS CONCLUDED SECRETARY CONNALLY AGAIN EXPRESSED HIS APPRECIATION FOR THE OPPORTUNITY OF AN AUDIENCE WITH HIM AND REAFFIRMED THE CLOSE CONTINU-

NOT TO BE REPRODUCED WITHOUT THE AUTHORIZATION OF THE EXECUTIVE SECRETARY

DISSEMINATION

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ING FRIENDSHIP WHICH EXISTED BETWEEN THE US AND IRAN.  
HIS MAJESTY, IN TURN, ON HIS PART ACKNOWLEDGED SIMILAR  
SENTIMENTS.

FOR THIS COMMUNICATION WAS NOT PREPARED BEFORE SECRETARY  
CONNALLY'S DEPARTURE AND THEREFORE WAS NOT CLEARED BY  
HIM.  
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